

WENTWORTH GROUP

OF CONCERNED SCIENTISTS

Mr Peter Cosier, Prof Tim Flannery FAA, Dr Ronnie Harding FEIANZ, Dr Terry Hillman AM,
Prof Lesley Hughes, Prof David Karoly, Dr Jamie Pittock, Prof Hugh Possingham FAA, Mr Robert Purves AM,
Dr Denis Saunders AM, Ms Anna Skarbek, Prof Bruce Thom AM, Mr Martijn Wilder AM.

Senior Adviser
Individual and Indirect Tax Division
The Treasury
Langton Crescent
PARKES ACT 2600

Thursday, 13th July, 2017

Dear Sir/Madam,

Thank you for your invitation to present this submission on your discussion paper entitled “Tax Deductible Gift Recipient Reform Opportunities” dated 15 June 2017. The Wentworth Group of Concerned Scientists is an institution listed on the Register of Environmental Organisations.

The Wentworth Group of Concerned Scientists is an independent group of Australian scientists, economists and business people with interests in the conservation of Australia’s land, water and marine resources. We were established in 2002, with the objective of connecting science to public policy. Our constitution sets out the manner in which we seek to do this:

1. Driving innovation in the management of Australia’s land, water and marine resources;
2. Engaging business, community and political leaders to find and implement solutions to the challenge of environmental stewardship facing the future of Australian society; and
3. Building capacity by mentoring and supporting young scientists, lawyers and economists to develop their skills and understanding of public policy.

To assist your review of tax deductible gift recipient reform opportunities, we have pleasure in providing information on what we do, a history of achievements, our governance and our funding sources. We are also pleased to use this opportunity to make a number of observations with regard to your inquiry.

What we do:

The Wentworth Group comprises some of Australia’s most eminent scientists, economists and business people who are in a position to speak publicly. Members of the Group are: Mr Peter Cosier, Professor Tim Flannery FAA, Dr Ronnie Harding, Dr Terry Hillman AM, Professor Lesley Hughes, Professor David Karoly, Associate Professor Jamie Pittock, Professor Hugh Possingham FAA, Mr Robert Purves AM, Dr Denis Saunders AM, Ms Anna Skarbek, Professor Bruce Thom AM FTSE, and Mr Martijn Wilder AM.

These members use their expertise and experience to work with others, to help policy makers identify solutions to the long-term conservation of Australia’s land, water and biodiversity assets.

Today, the Wentworth Group is focused on a number of priorities:

1. **Landscape Conservation:** pursuing policies to restore and maintain the health and productive capacity of Australia’s land, water and marine resources, and turn around systemic failures in biodiversity conservation;
2. **Climate Change Science:** linking the science of climate change to Australia’s mitigation policy, adaptation, and optimising carbon in the Australian landscape;
3. **Accounting for Nature:** gaining agreement of government to adopt a regionally based system of national environmental accounts to measure, and track changes in, the condition of Australia’s environmental assets;

4. **National Water Reform:** pursuing progress in the Murray-Darling Basin Plan and other proposals for water resource development; and
5. **Science Scholarships:** maintaining our investments in the next generation of leading natural resource scientists, lawyers and economists.

The principal mechanisms for achieving these goals are by:

1. Undertaking research to investigate options and identify solutions to contemporary environmental challenges that face Australia.
2. To distill the results of this research into policy-relevant public reports and submissions to government inquiries;
3. Communicate these solutions to the broader community by publishing and distributing these through traditional platforms, contributing to public and private forums where these matters are discussed; and then
4. Working with elected governments, government agencies and members of parliaments to implement them.
5. We have also established an annual Wentworth Group Science Scholarship to assist the next generation connect their science to public policy.

Our history:

Since forming in November 2002, the Wentworth Group has been a significant contributor to a series of important land and water reforms across Australia.

The Wentworth Group's first statement in 2002, *Blueprint for a Living Continent*, set out what we believed were the key changes that needed to be made to deliver a sustainable future for Australia's continent and its people. It identified the need to:

1. Clarify water property rights and the obligations associated with those rights to give farmers some certainty and to enable water to be recovered for the environment.
2. Restore environmental flows to stressed rivers, such as the River Murray and its tributaries.
3. Immediately end broadscale land clearing of remnant native vegetation and assist rural communities with adjustment. This provides fundamental benefits to water quality, prevention of salinity, prevention of soil loss and conservation of biodiversity.
4. Pay farmers for environmental services (clean water, fresh air, healthy soils). Where we expect farmers to maintain land in a certain way that is above their duty of care, we should pay them to provide those services on behalf of the rest of Australia.
5. Incorporate into the cost of food, fibre and water the hidden subsidies currently borne by the environment, to assist farmers to farm sustainably and profitably in this country.

In 2003, the Group's blueprint, *A New Model for Landscape Conservation*, was released. It proposed the regionalisation of natural resource management across NSW which was subsequently adopted by the NSW Government.

In 2003, the Wentworth Group also released a *Blueprint for a National Water Plan*. It outlined solutions for the protection and restoration of fresh water ecosystems, water conservation and the restoration of environmental flows to catchments such as the Murray Darling Basin. This work contributed to the development of the 2004 National Water Initiative, a historic agreement by the Prime Minister, Premiers and Chief Ministers.

In 2008, the Wentworth Group worked with other scientists, economists and statisticians to develop *Accounting for Nature: A Model for Building the National Environmental Accounts of Australia*. This model creates an environmental accounting system to measure and track changes in the condition of Australia's environmental assets, at scales that can inform catchment management investments and land use planning decisions. The Wentworth Group has subsequently been working with *NRM Regions Australia* to undertake

a regional scale trial of the *Accounting for Nature* model. We were invited to contribute to the international accounting standard, the *System of Environmental Economic Accounts*, that was adopted by the UN Statistics Division in 2013. In November 2016 the Wentworth Group was invited to make a joint presentation to the Meeting of Commonwealth, State and Territory Environment Ministers with the Australian Bureau of Statistics and NRM Regions Australia. Following this presentation, the Ministers agreed to work together to develop a common national approach to environmental accounts.

In 2009, the Wentworth Group released *Optimising Carbon in the Australian Landscape*. This report highlighted the potential of the Australian landscape to store carbon and contribute to Australia's emission reduction targets. It shows that with the correct institutional settings, a carbon offsets market has the potential to also restore degraded landscapes across Australia. Many of these recommendations were subsequently adopted by Commonwealth government and were incorporated in the Carbon Farming Initiative and other related government policies and initiatives.

In 2010, the Wentworth Group produced an analysis of the options for achieving *Sustainable Diversions in the Murray Darling Basin*. It identified the scale of water reductions from rivers and groundwater systems required within each of the 18 catchments of the Basin, suggested ways to cost-effectively obtain the necessary water, while also assisting businesses and communities to capitalise on opportunities and adapt to a future with less water. This analysis contributed to the Murray Darling Basin Plan that is now a legal instrument under the Commonwealth Water Act.

In 2012, the Group released a statement on *Changes to Commonwealth Powers to Protect Australia's Environment*. This statement puts forward proposals to simplify environmental assessment and approvals processes whilst also improving environmental standards. It also recommends that by far the most effective way to manage environment and development is for Australia to develop long-term regional strategic plans to guide land use and natural resource management.

In 2014, the Wentworth Group worked with leading Australian economists, scientists, planners, and lawyers to produce our *Blueprint for a Healthy Environment and a Productive Economy*. This blueprint sets out long-term, interconnected and transformational reforms. These reforms would promote economic growth and create jobs, and do so in a manner that would also lead to the long-term conservation of our nation's natural capital.

The Wentworth Group also offer annual science scholarships to provide a small number leading scholars and young professions the opportunity to attend a 3 day Master Class with the Wentworth Group. Over the 9 years of the program, over 100 young professionals in the natural resource sciences, law and economics have participated.

The Wentworth Group has also contributed to numerous Commonwealth and State government committees, and we have prepared submissions and made presentations to many government and parliamentary inquiries. Many of these submissions can be found at: <http://wentworthgroup.org/publications/>

Funding:

The Wentworth Group is funded primarily through an annual grant from the Purves Environmental Fund. We also appreciate the financial support of The Ian Potter Foundation which has provided resources our work on environmental accounts, and landscape conservation. The Wentworth Group also gratefully acknowledges the provision of pro-bono legal advice from Baker & McKenzie in Sydney on matters relating to corporate law, governance and specialist legal expertise, and the support from a range of experts and specialists who donate their time and contribute their expertise to the work of the Group.

The Group is governed by a Board comprising Mr Geoff Brunson, Mr Peter Cosier, Mr Richard Gelski, Mr Ian Pollard, and chaired by Mr Robert Purves AM. All policies, reports and submissions are determined by the Members. This work is supported by a small secretariat of four part time staff.

The Value of Science to Public Policy in Australia

The Wentworth Group remains committed to using its combined experience, interdisciplinary expertise and shared values, to work with others to improve the long term management and conservation of the Australian landscape. We are pleased for this opportunity to make a number of observations with regard to your inquiry.

The Wentworth Group believes that independent science has an important role in helping people address the long term challenges of creating wealth and opportunity, without degrading the natural capital from which all our wealth is ultimately derived. Conservation of natural capital is a universal human value that underpins all political philosophy. It was the US Republican President Theodore Roosevelt once said: *“Of all the questions which can come before this nation, short of the actual preservation of its existence in a great war, there is none which compares in importance with the great central task of leaving this land even a better land for our descendants than it is for us.”*

Australians have for generations overwhelmingly supported this philosophy. For the past three decades, *The Australian* newspaper has commissioned *Newspoll* to survey the issues that Australians consider important in Federal politics. In every opinion poll conducted since 1993, the majority of Australians have said they considered the environment a very important issue.

The Wentworth Group’s *Blueprint for a Healthy Environment and a Productive Economy* which was released in November 2014, does more than simply highlight the science which shows the magnitude of the challenges Australia faces if it is to achieve this great ambition. It establishes the case that it is possible to grow the economy while protecting the environment and describes the institutional and economic reforms that we believe are necessary to achieve this. This paper has received widespread media coverage and has been distributed to business and civil society leaders, including all members of Commonwealth, State and Territory parliaments. A copy of the blueprint is attached to this submission.

The blueprint highlights the specific opportunities presented by the Commonwealth government’s reforms to Australia’s Federation and tax systems. It presents the case that we can not only improve the efficiency of the tax system, but that it is also in the public interest to embed sustainability throughout the economy so that everyday actions also contribute to a healthy environment.

The health of the natural environment matters because it affects the wellbeing of people. The Australian treasury defines wellbeing in terms of the total stock of capital – human physical, social and natural – that is maintained or enhanced for current and future generations. If we are to improve the stock of natural capital to enhance the wellbeing of current and future generations, we need to ensure that sustainability principles are embedded across all sectors of the economy. For this we need science.

Australia’s Federation and the economic institutions it has created has by any measure, been an extraordinary story. We have become one of the most successful and stable democracies, enjoying a remarkable 25 years of uninterrupted economic growth. We built these institutions at a time when the natural world seemed endless – where land clearing was part of a heroic vision to develop the nation, where fresh water flowing to the sea was thought to be wasted, and where coal was the great new energy source that would power the industrial revolution.

With the new century comes new challenges – challenges that our founding fathers could not have dreamed of when they build our Federation. Today’s challenges of climate change, global food security, the growing scarcity of global fresh water resources, and the loss of the worlds biodiversity are the defining issues of our age which will increasingly challenge our notion of progress. These challenges require a new set of skills and institutions built from an understanding not only of market economics and social sciences of the 19th and 20th centuries, but skills and institutions grounded in an understanding of the natural processes that drive our planet – the water cycle, the carbon cycle, and maintaining the capacity of ecosystems to provide the goods and services that are of value to people.

In a paper presented to the *North American Benthological Society Conference* in 2006 titled “Science and Politics – Speaking Truth to Power” the late Professor Peter Cullen, a founding member of the Wentworth Group, observed that many of these big issues facing society are science-intensive, and that beneficial

outcomes are unlikely unless science can be actively engaged in the development and assessment of appropriate policies.

There are some groups in society who are arguing that non-government organisations that engage in public advocacy should not be eligible to receive tax deductible donations for doing so. Not only is it lawful, it is also deductible for expenses incurred by corporations to advocate to government to support a particular development.

If it is in the public interest for corporations to claim a tax deduction for engaging in advocacy to promote their short-term economic self-interest, or for donations to other non-government institutions that are not on the Register of Environmental Organisations to be tax deductible, it surely is also in the public interest for institutions that are on the register to be provided with this same opportunity.

If Australia is to become a sustainable society, one that creates wealth without degrading its natural capital, it is in the public interest for scientists to contribute to these public policies on matters that are important to our society, and that is it is the public interest of our society for them to be supported to do so. Australia is more than capable of dealing creatively with these issues in ways that promote innovation and competitive advantage, produce positive environmental outcomes and grow profitable businesses.

We thank you for this opportunity to make a submission on your discussion paper.



Peter Cosier

On behalf of the Wentworth Group of Concerned Scientists.